



Facts and Figures Committee Report



Patrizia Kern-Ferretti
Chairman Facts & Figures Committee
Swiss Reinsurance Company Ltd
Paris, September 19, 2011

Report of the F&F Committee

Committee Members



- *Javier Alonso* - Spain
- *Dieter Berg* - Germany
- *Darren Farr* - U.K.
- *Pamela Frood* - U.K.
- *Philip Graham* - U.K.
- *Vivian Ho* - Hong Kong
- *Patrizia Kern* - Switzerland, *Chairman*
- *Patrick Lecerf* - France
- *Henry Newman* - U.S.A.
- *Erika Schoch* - Alsum
- *Astrid Seltmann* - Nordic, *Secr. and Vice Chairman*
- *Massimo Spadoni* - Italy



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Update on Committee work

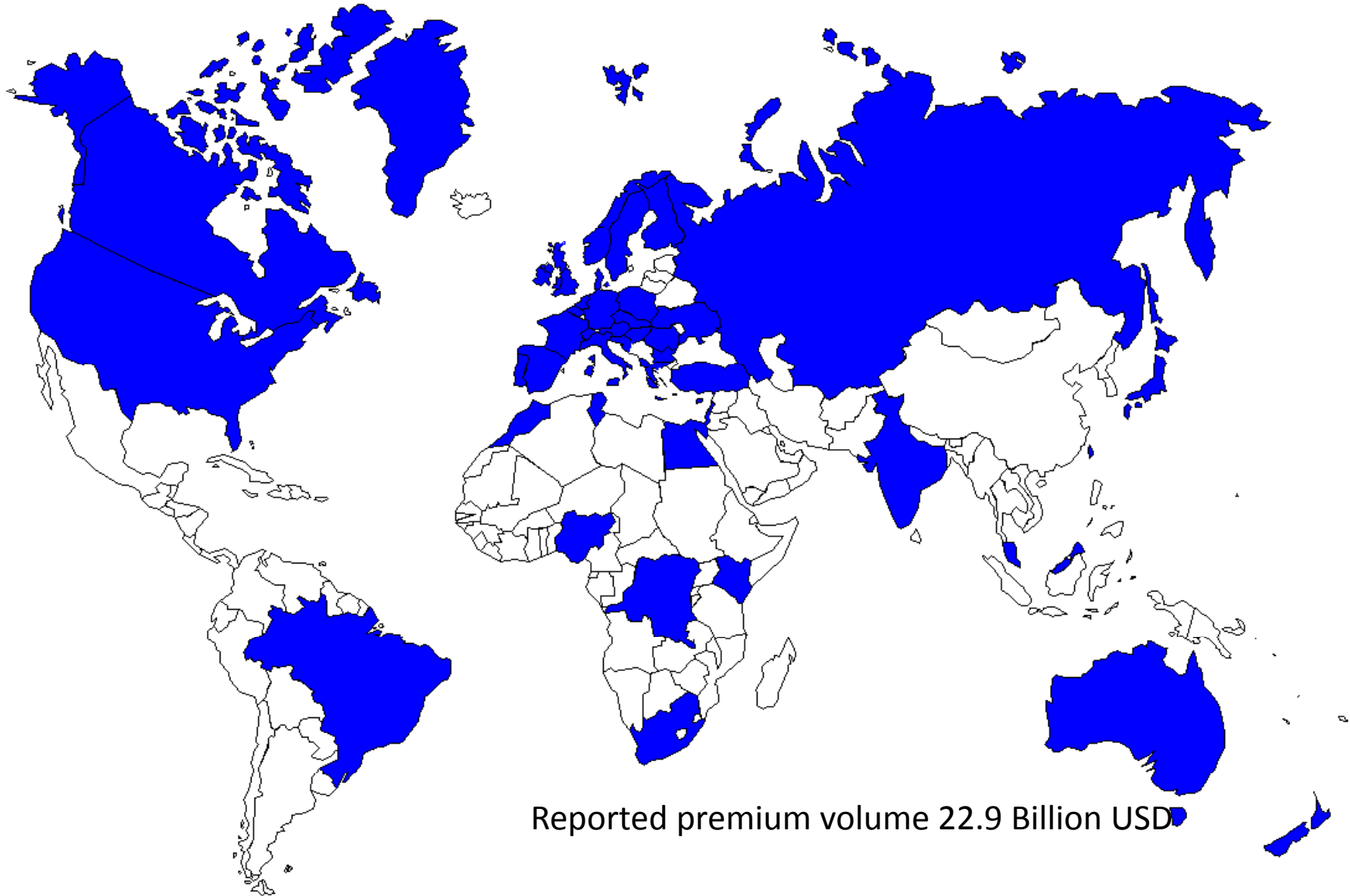
Macroeconomic environment

Shipping market

Conclusion

Facts & Figures

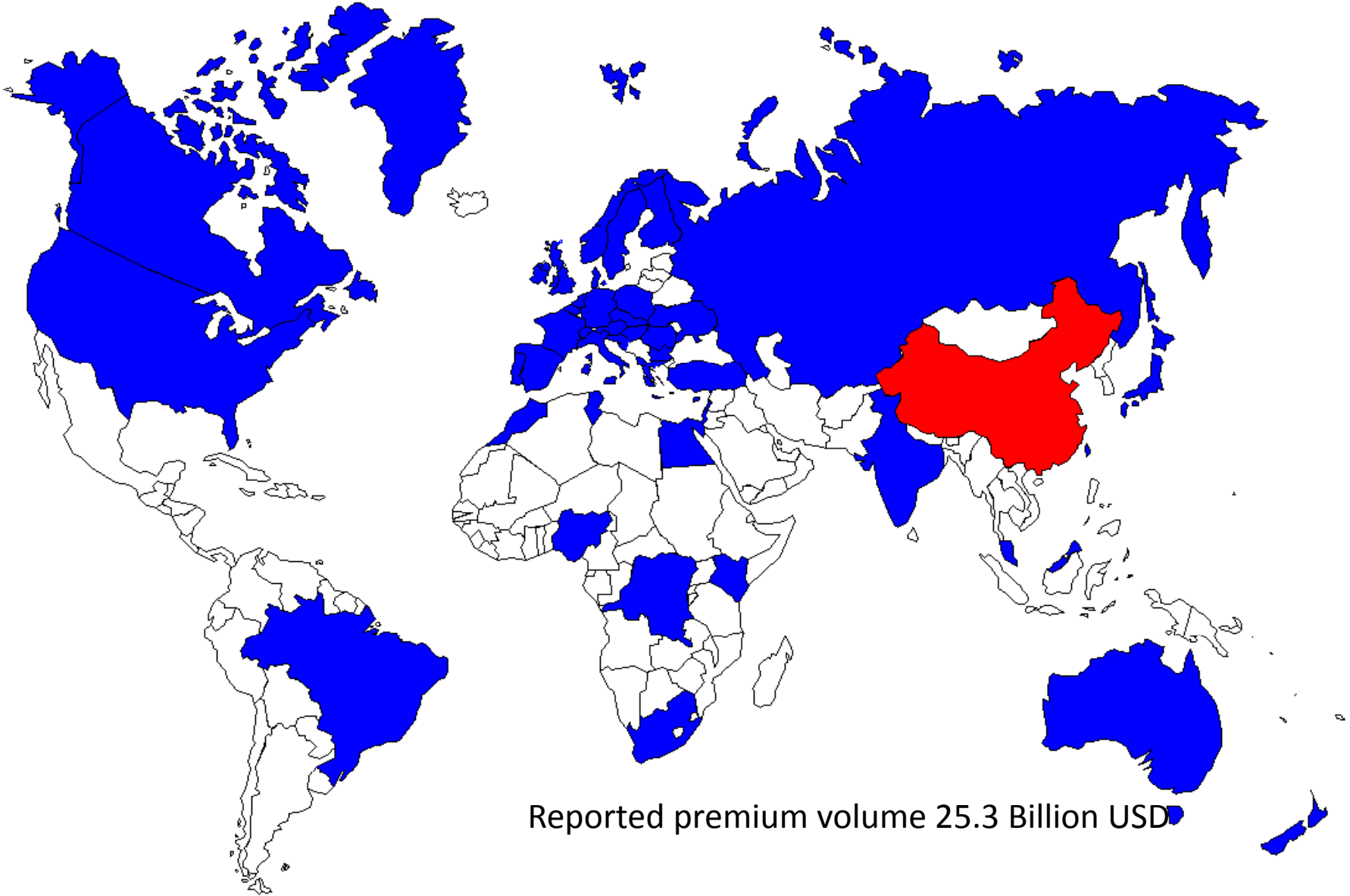
Country data collection 2010



Reported premium volume 22.9 Billion USD

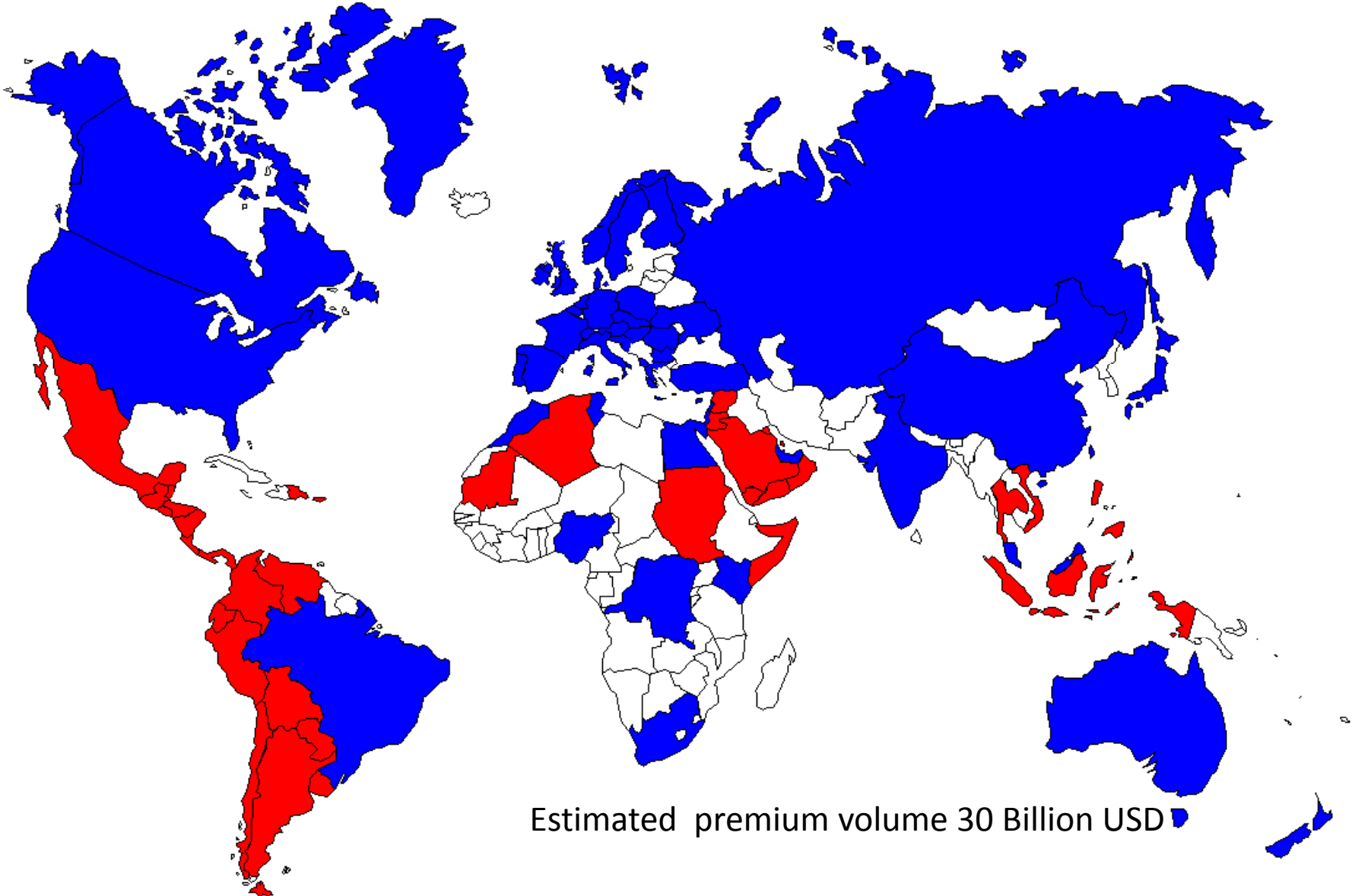
Facts & Figures

Country data collection 2011



Facts & Figures

Country data collection 2012



Report of the F&F Committee

Update on Committee work



- data collection September 2011
- China Statistics September 2011
- Facts Sheets September 2011
- Piracy figures September 2011

- Repair Index Follow up IUMI Website September 2011

- Cargo presentation Spring Meeting 2012
- Cargo Index 2012
- Major claims database 2012
- General Average costs 2012/2013



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Macroeconomic environment



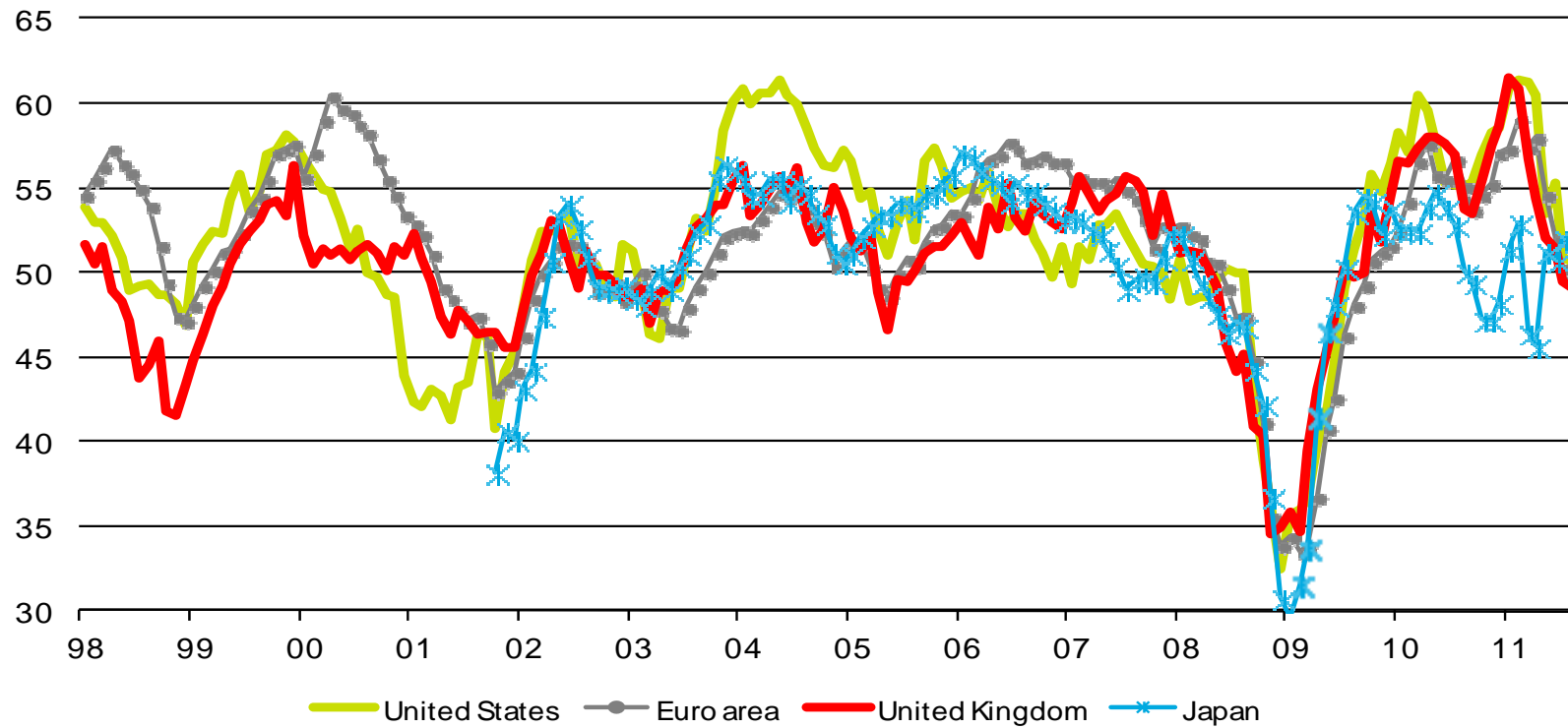
Global recovery has lost momentum recently due to...

- Japanese earthquake
- On-going Euro sovereign debt crisis
- Possible further sovereign rating downgrades and impact on confidence
- Continuing high commodity prices squeeze real incomes of importers
- Process of significant fiscal consolidation underway in some countries

Macroeconomic environment



Purchasing Managers Indices (PMI)



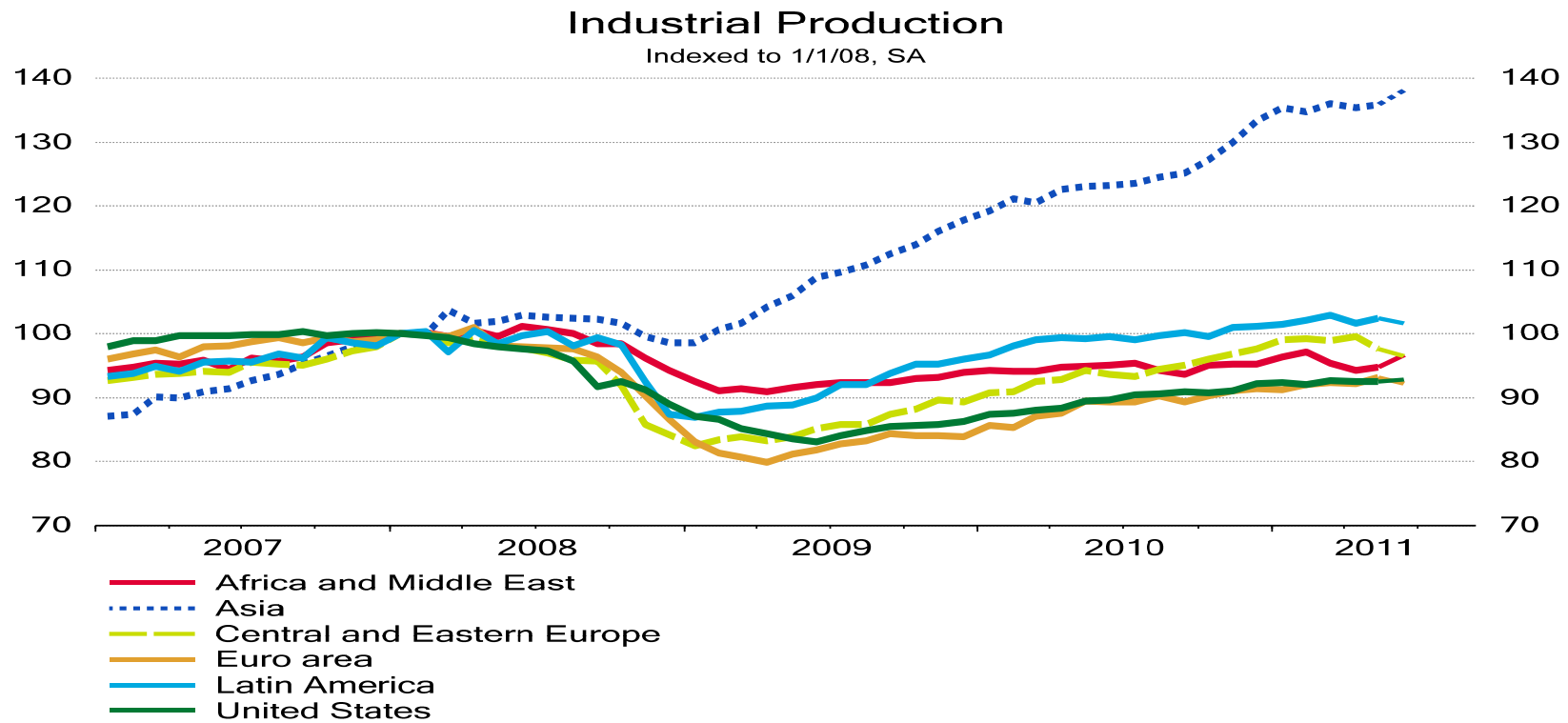
➔ Manufacturing activity slowed sharply

Sources: Bloomberg, Swiss Re Economic Research & Consulting

Macroeconomic environment



Industrial Production



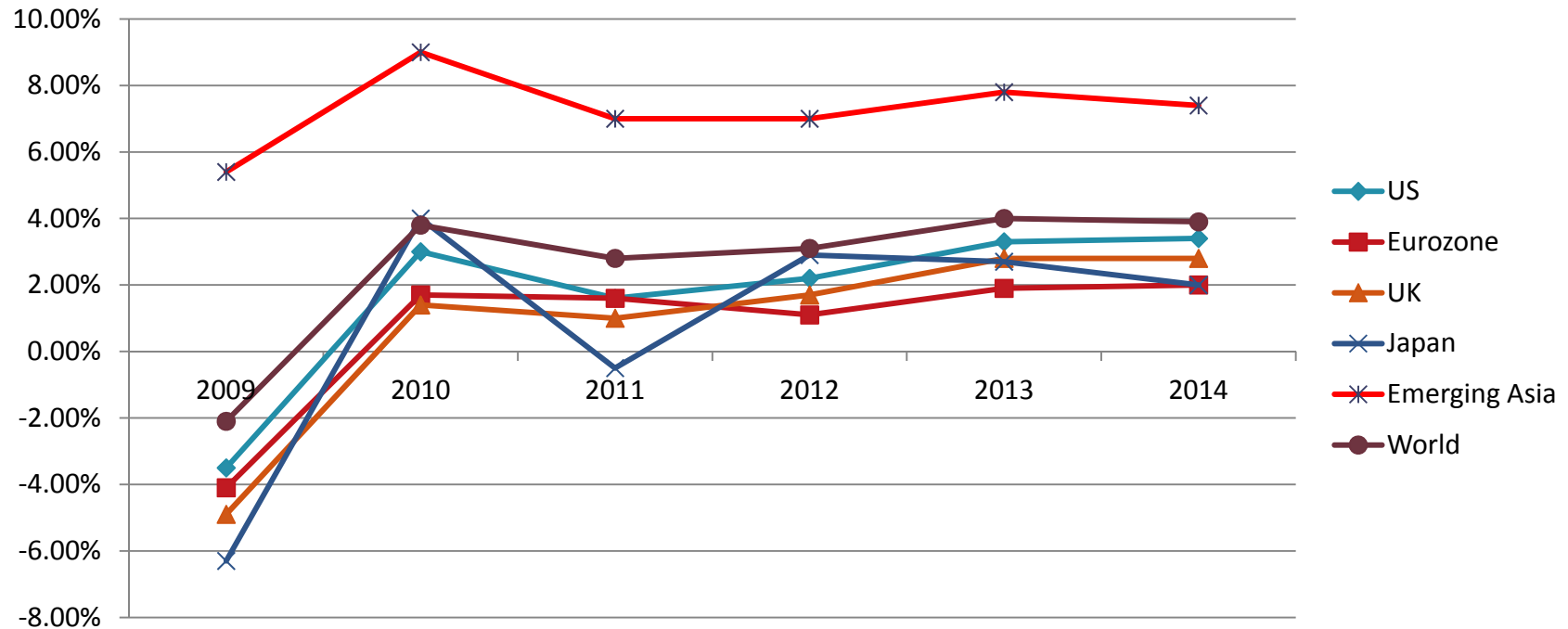
➔ Advanced economies are recovering only moderately, while emerging markets grow faster

Source: Datastream, CPB (Netherland Bureau for Economic policy analysis)

Macroeconomic environment



Real GDP growth rates by region (forecasts)



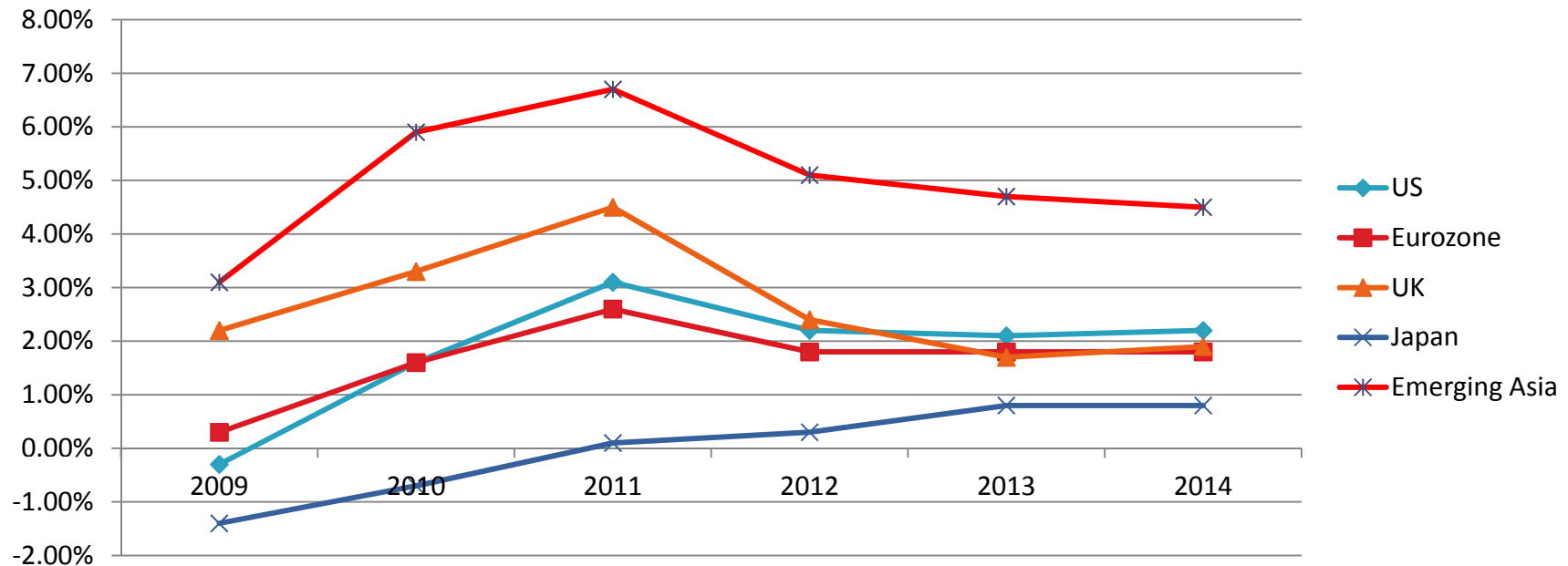
- ➡ High uncertainty around economic outlook, high risk of recession
- ➡ Emerging markets remain more robust

Source: Oxford Economics

Macroeconomic environment



Inflation (CPI) forecasts



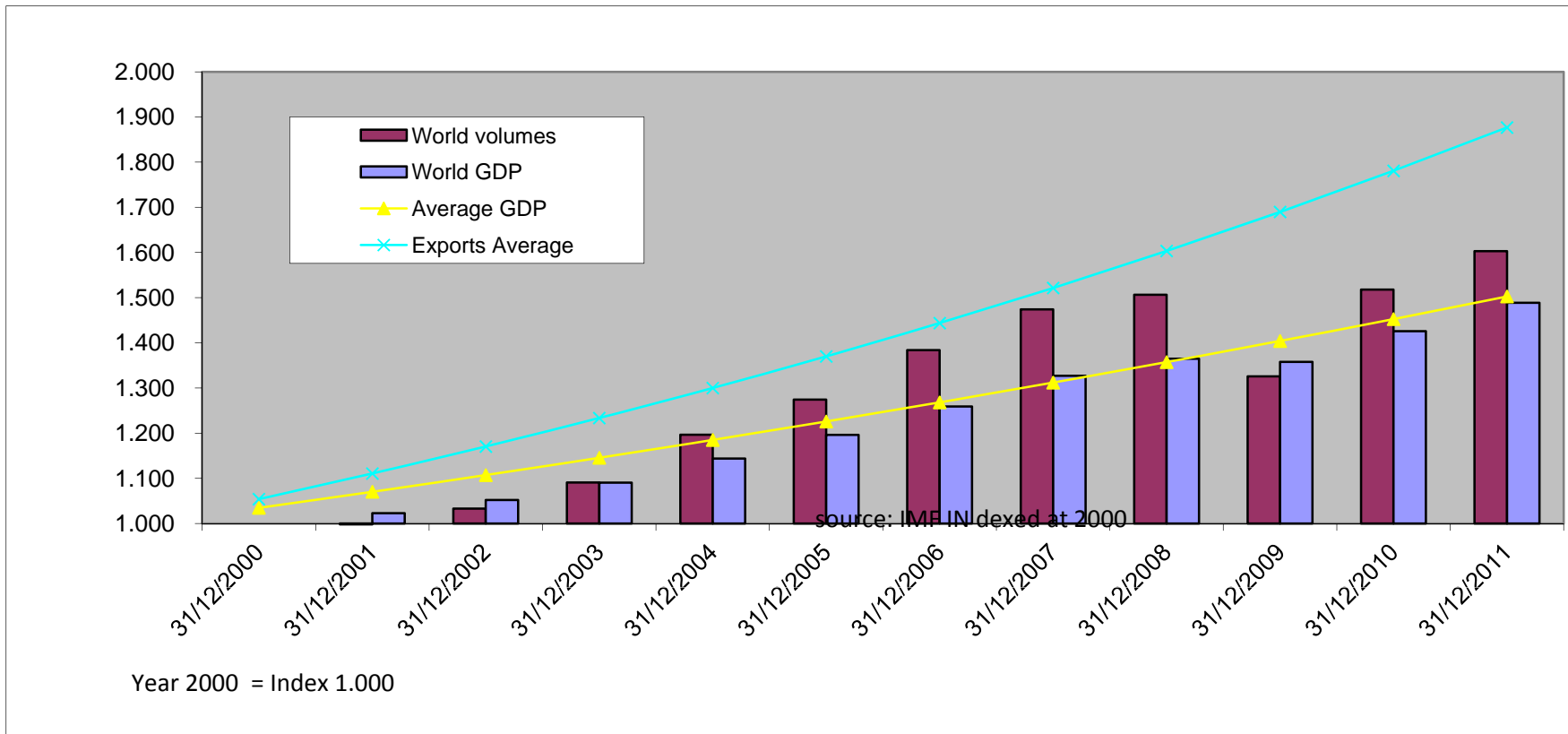
- ➡ Inflation expected to remain well behaved in the short term
- ➡ Longer-term outlook more uncertain due to very expansionary monetary policies and high debt burdens

Source: Oxford Economics

Macroeconomic environment



Growth in volume of world trade and GDP

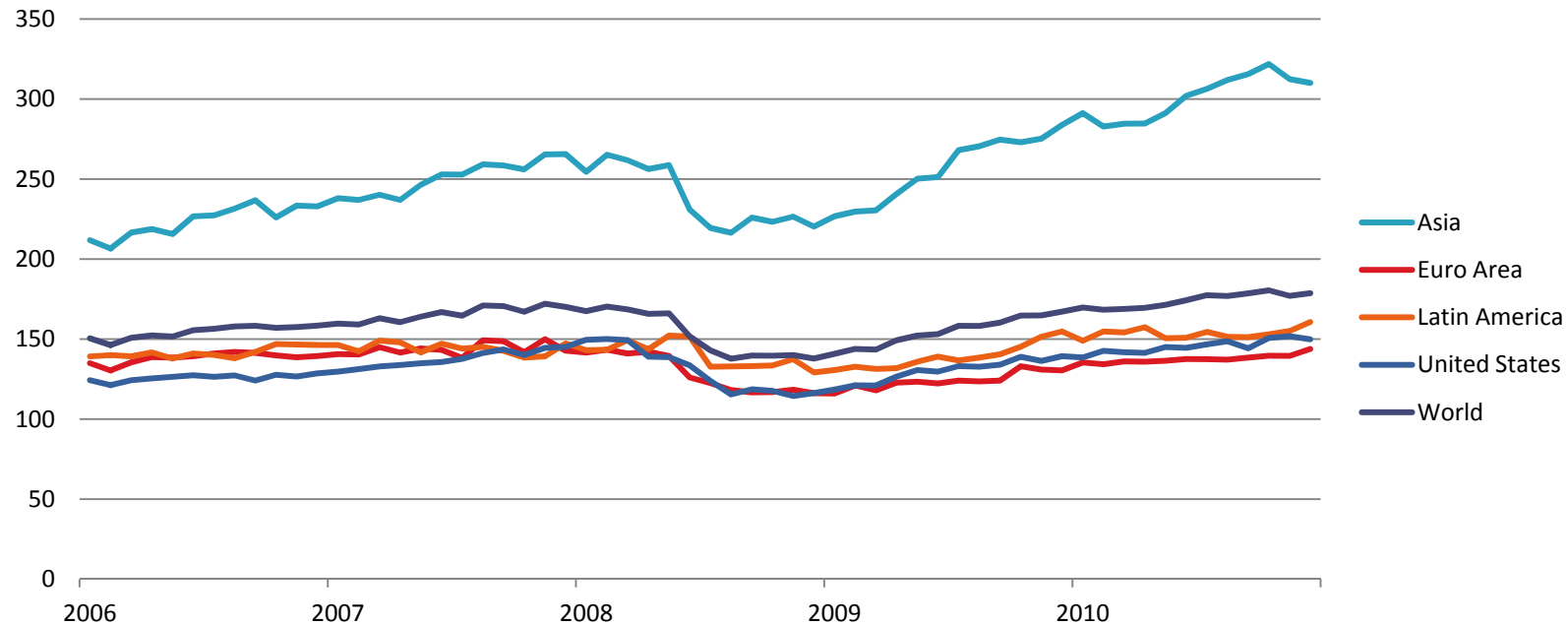


Source: IMF

Macroeconomic environment



Export Volume Index



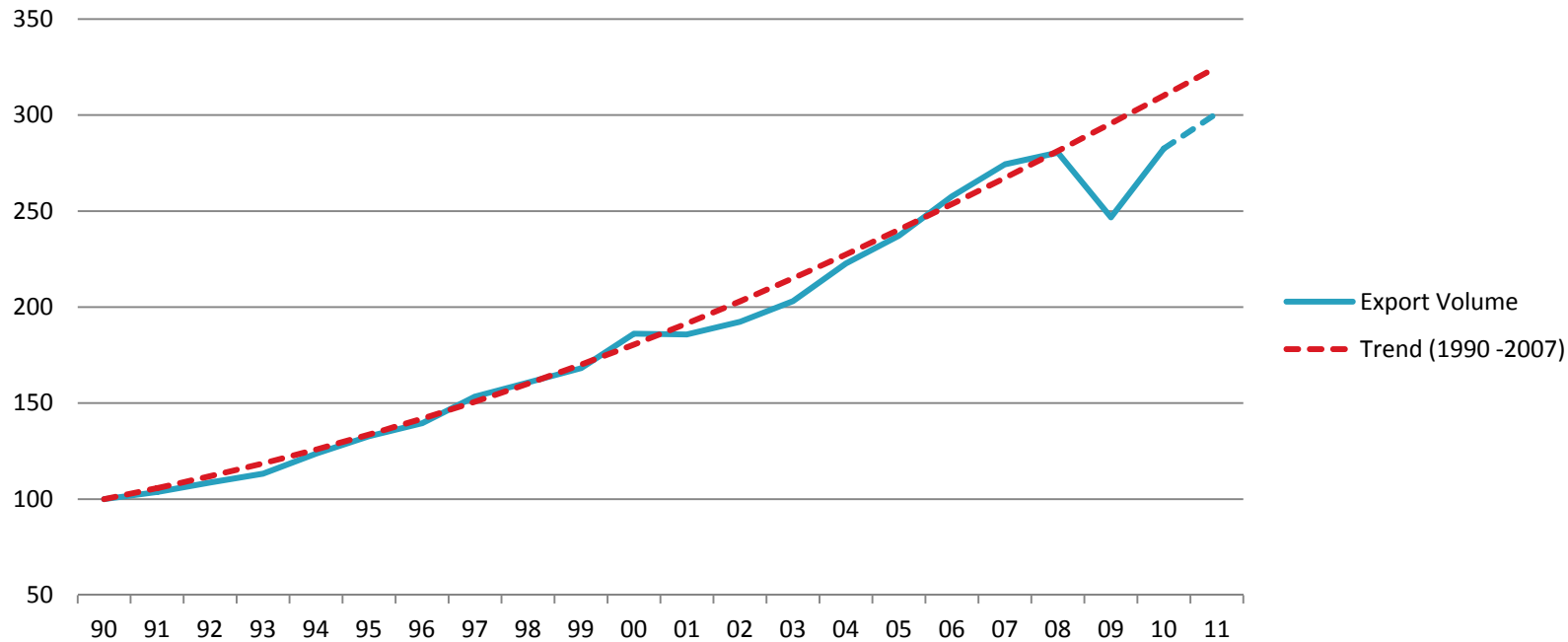
- ➡ Financial crisis led to a sudden drop in export volumes
- ➡ Sharp rebound in trade especially in emerging markets

Source: CPB (Netherlands Bureau for Economic policy analysis)

Macroeconomic environment



Volume of world merchandise exports



➔ Level of world exports will likely remain well below trend, reflecting legacy of financial crisis and global recession

Source: WTO Secretariat

Macroeconomic environment



- Complete uncertainty around forecasts

- In particular, downside risks related to
 - Escalation of Euro sovereign debt crisis; still no comprehensive solution in place
 - Continued drag on demand from high unemployment in US and some European countries
 - Risk of overheating in some emerging markets and the possible associated sharp policy tightening
 - Renewed oil price spike (perhaps linked to further tensions in Middle East)



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Update on Committee work

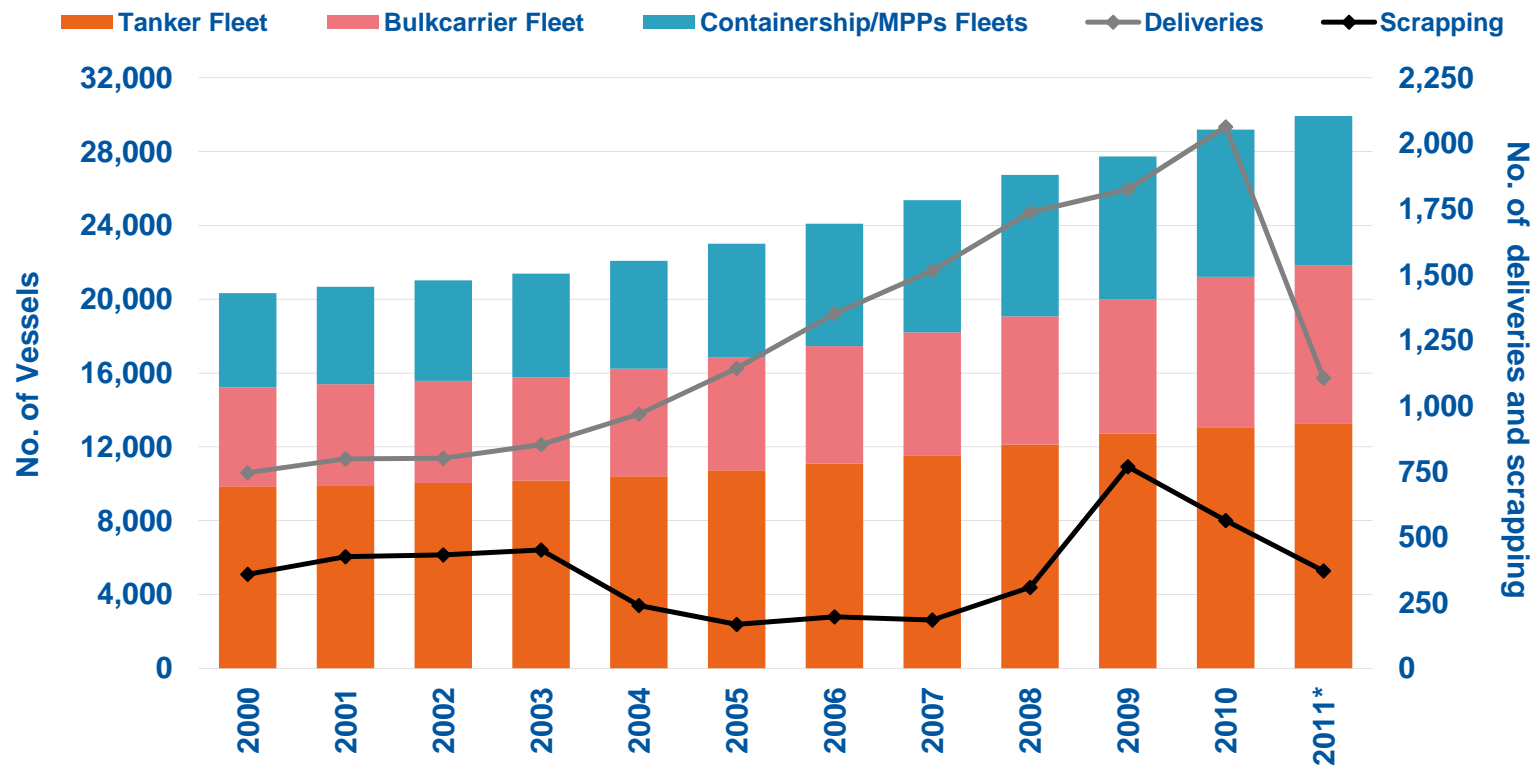
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Fleet Capacity



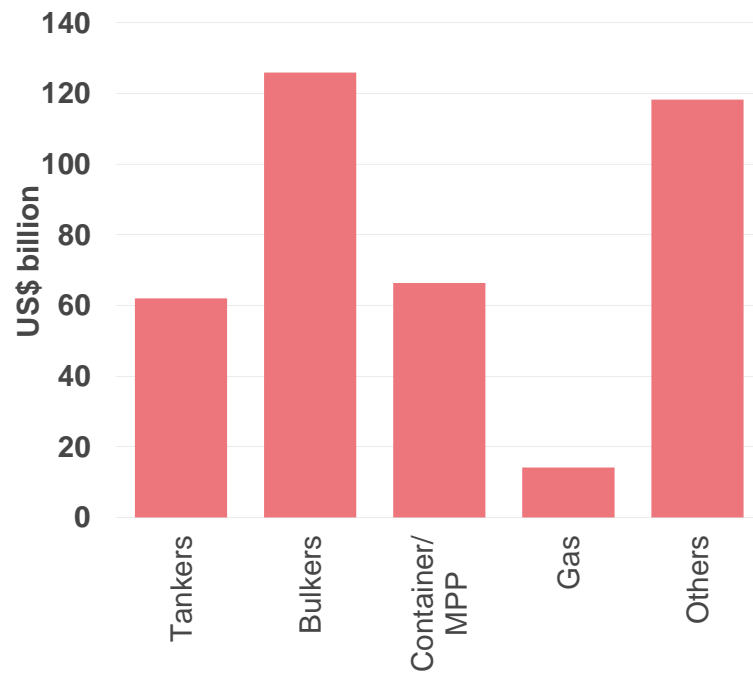
* 2011 data is year-to-date.

Source: Clarkson Research, August 2011.

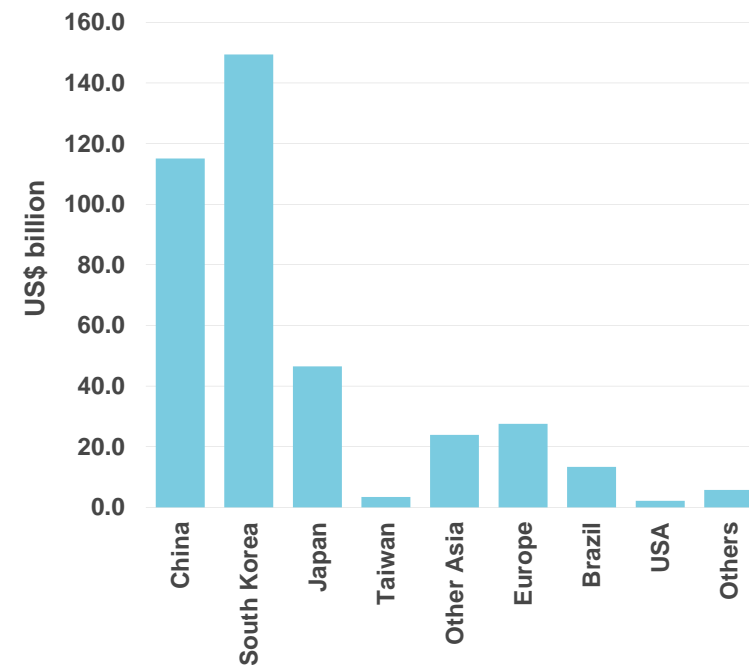
Shipping market



Value of Newbuildings (by Vessel Type)



Value of Newbuildings (by Country/Region of Build)

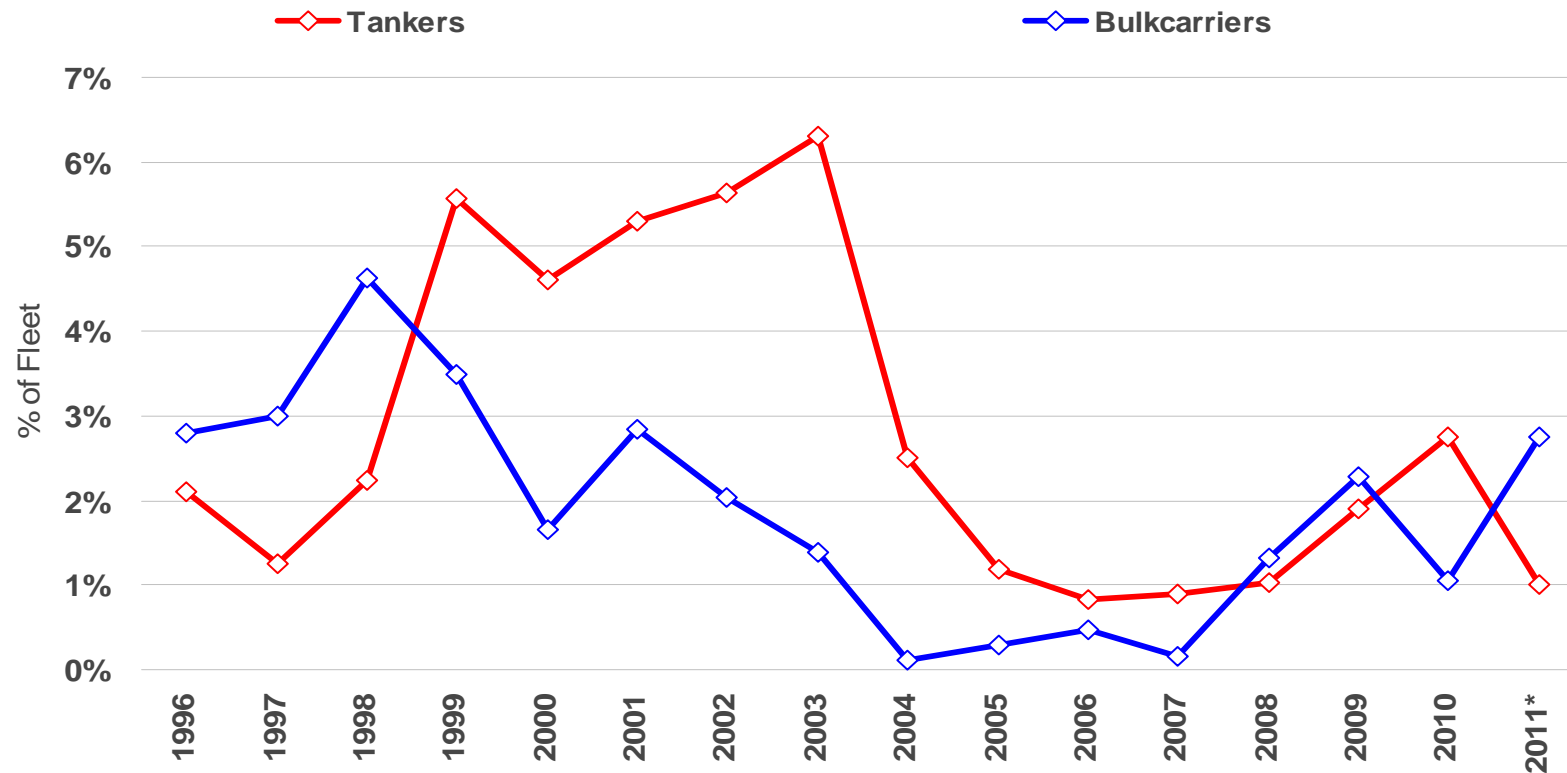


Source: Clarkson Research, August 2011.

Shipping market



Demolition as % of Tanker and Bulker Fleets (in terms of DWT)

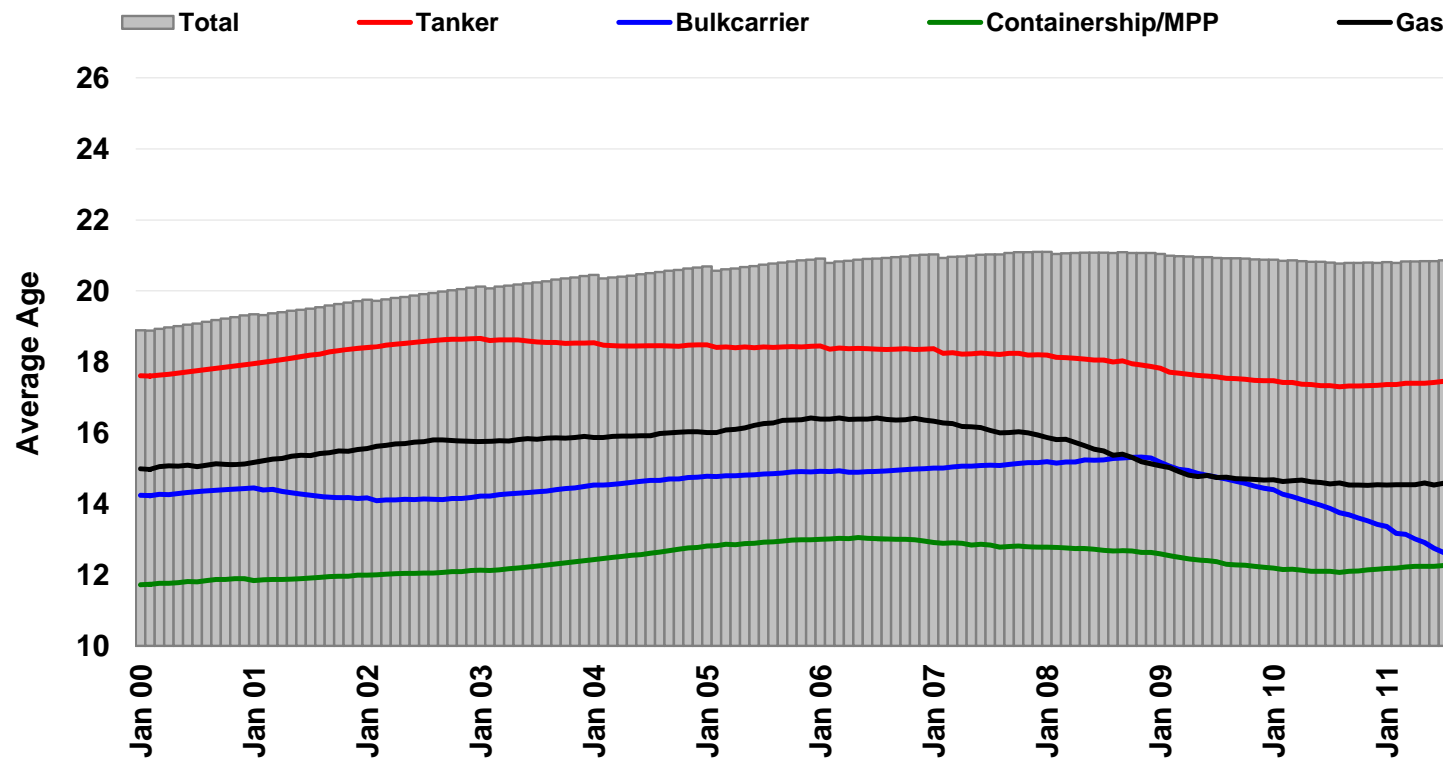


* 2011 data is year-to-date.

Source: Clarkson Research, August 2011.



Average Age of the World Fleet 2000-2011

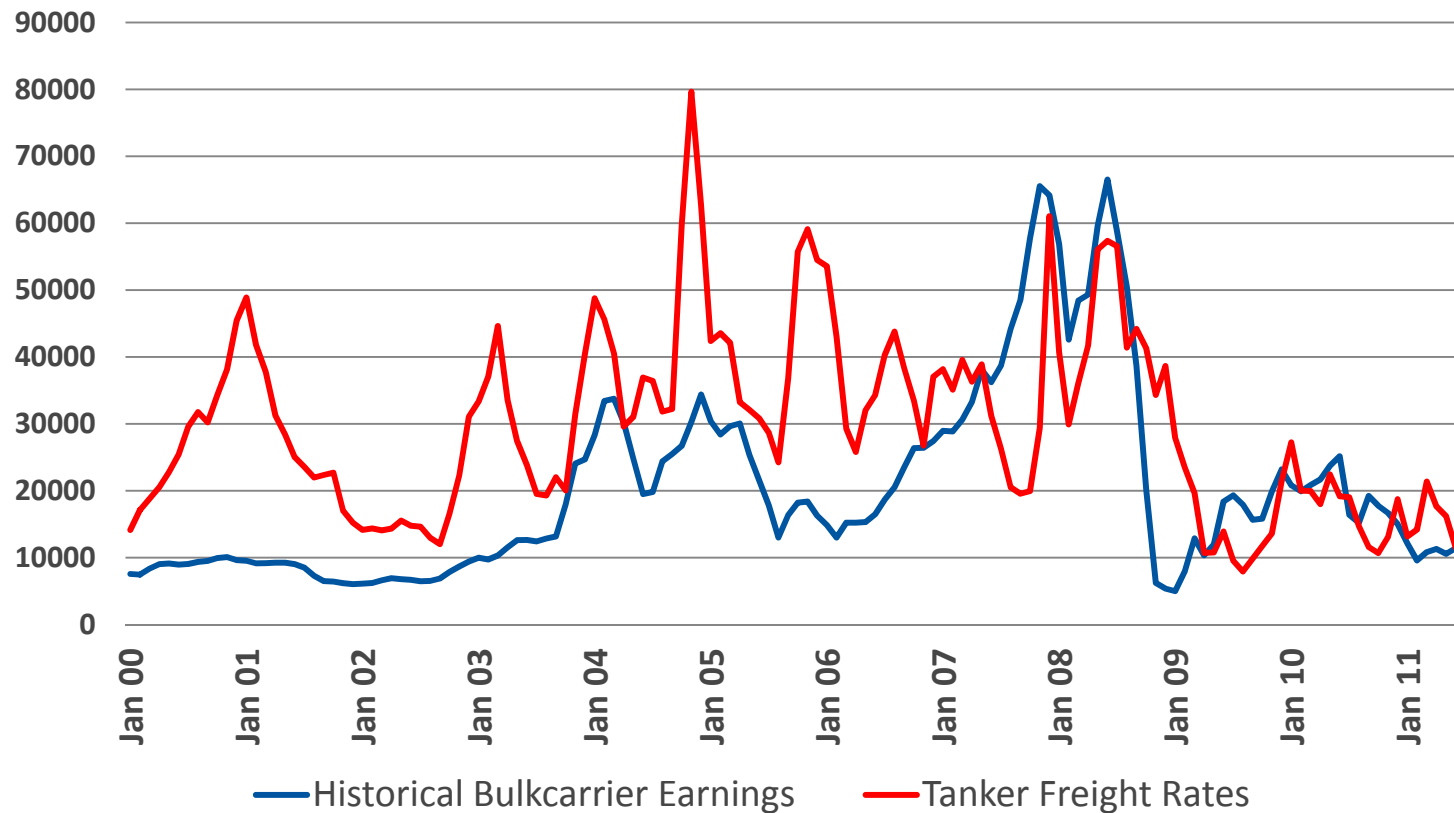


Source: Clarkson Research, August 2011.

Shipping market



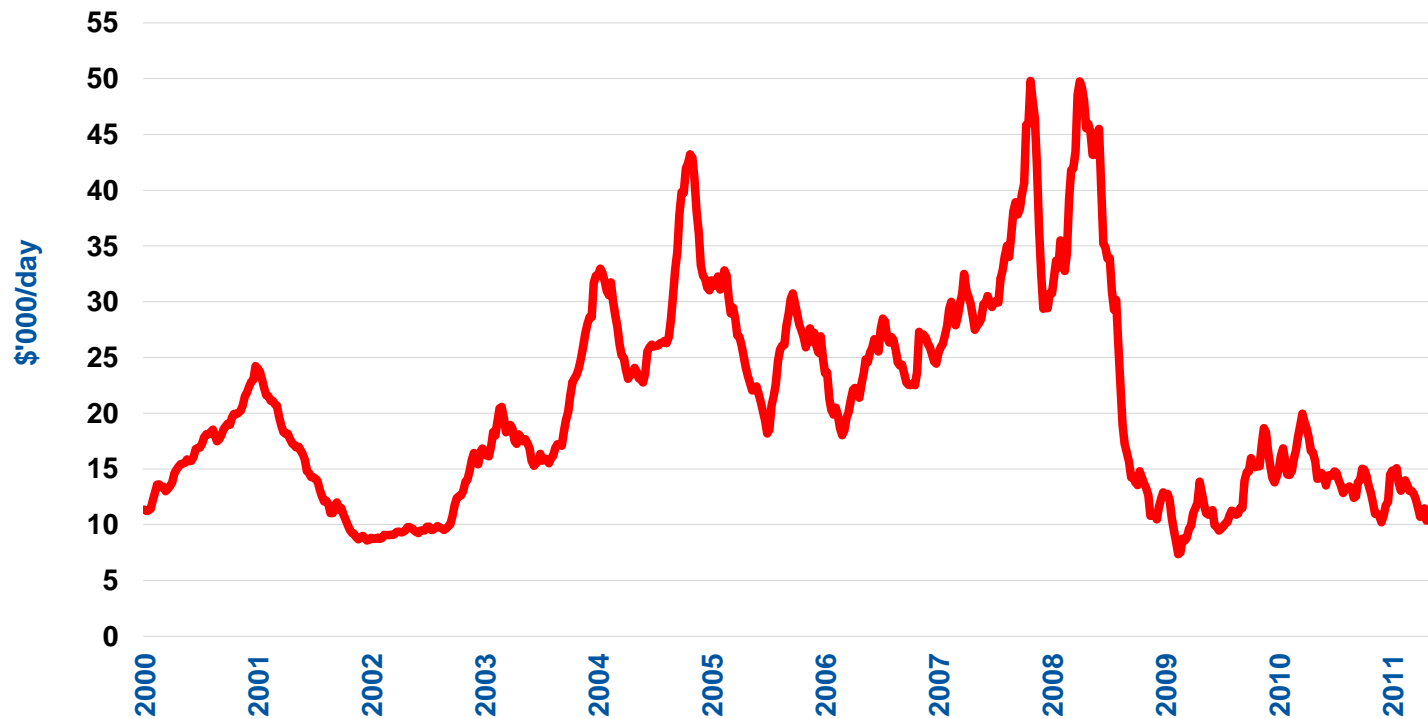
Freight Rates



Source: Clarkson Research, August 2011.



ClarkSea Index



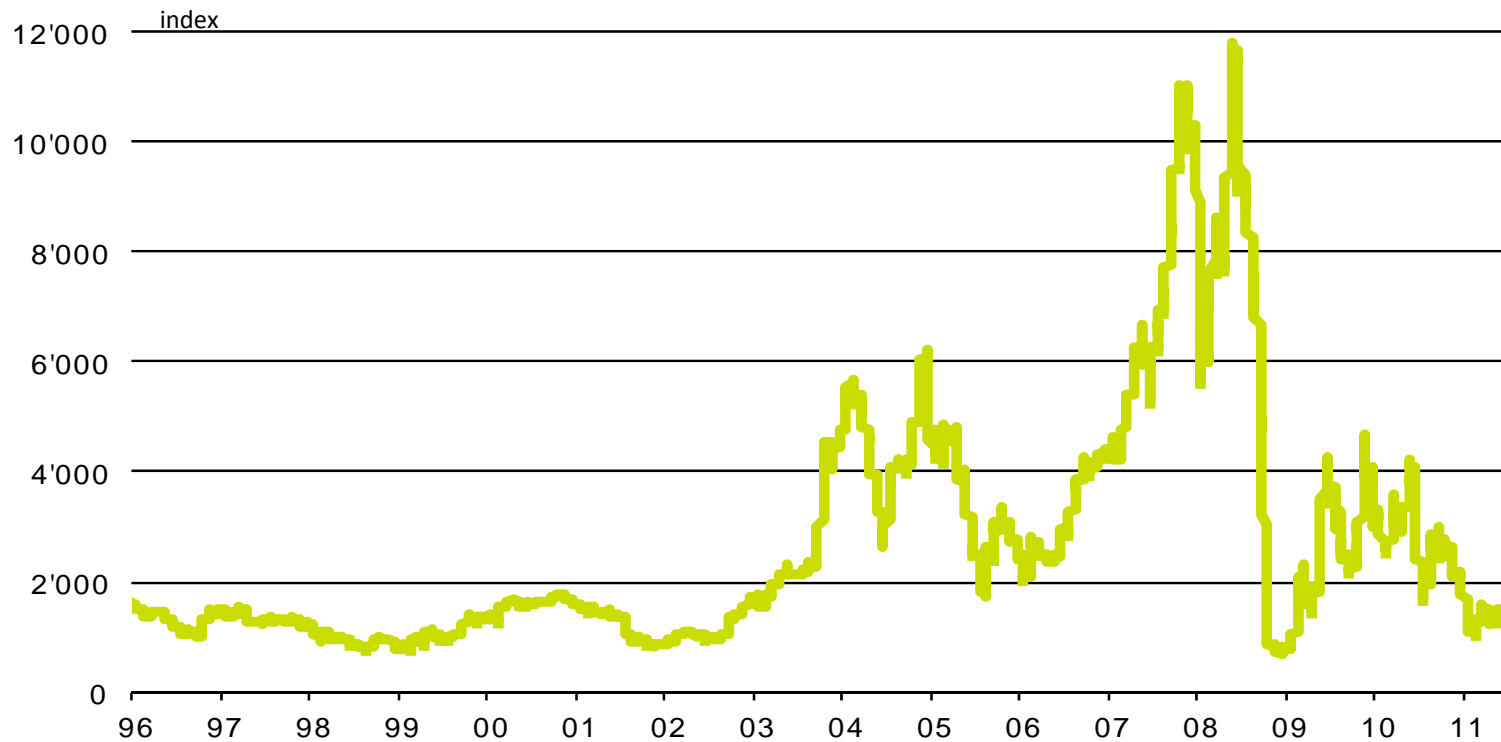
➔ Despite rebound in trade, freight rates have remained low

Source: Clarkson Research, August 2011.

Shipping market



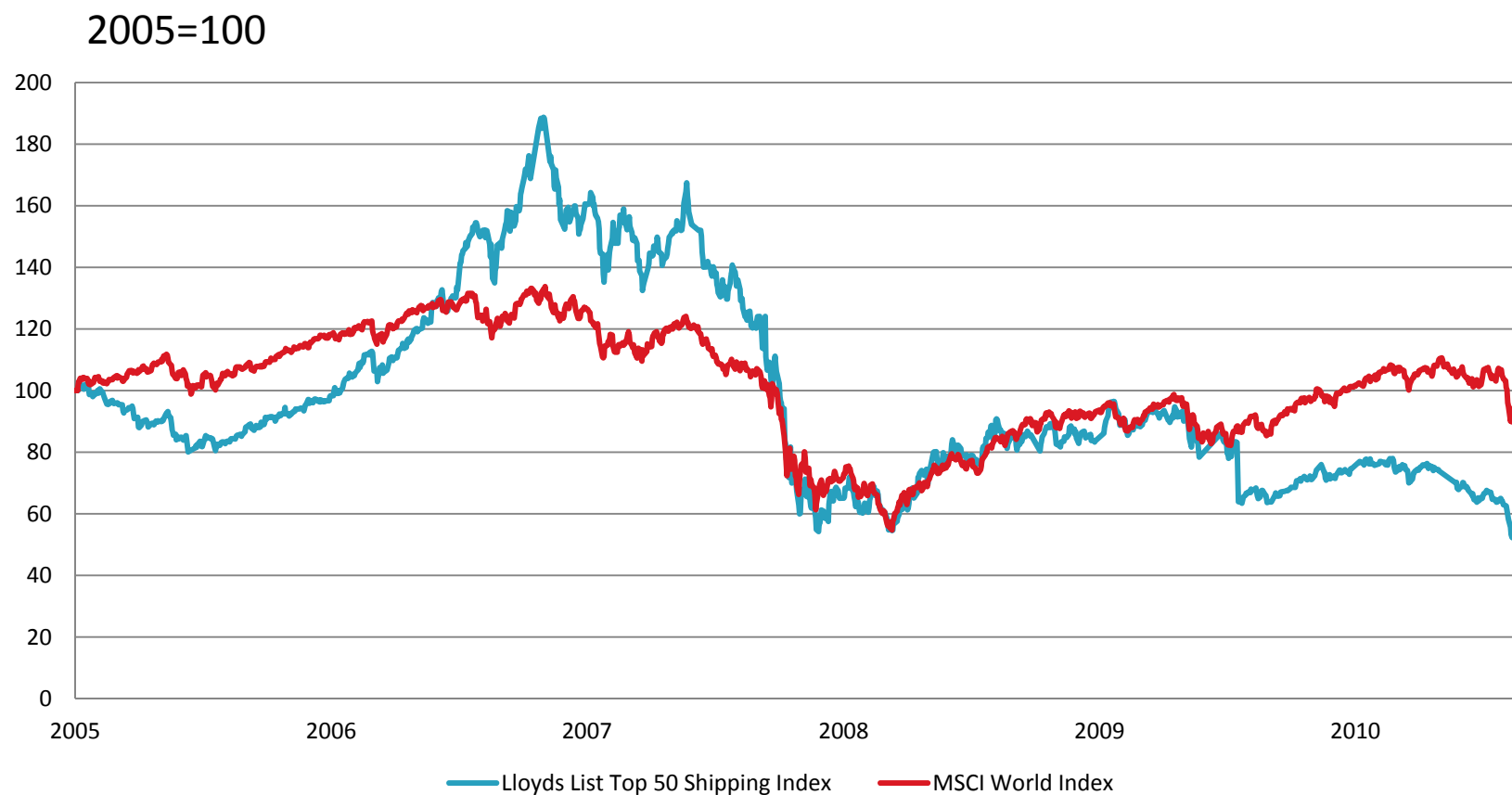
Baltic dry index



➔ **Continued low freight rates indicative of excess shipping capacity**

Source: Bloomberg

Lloyd's shipping Index & MSCI World



MSCI World Index: over 6'000 world equity stocks, from 24 countries



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- Global economic recovery has lost momentum. In particular, growth in major economies has slowed noticeably over recent months.
- Our economies are facing extreme uncertainties. The situation has dramatically worsened recently. If we see sovereign defaults, countries leaving the Euro or a second recession, times will get highly unpredictable.
- Looking ahead, the most likely path for global trade and activity is for continued growth. But the upturn will look and feel very modest, especially in the West.

Conclusion



- Following recent natural catastrophes a hardening of the market is likely which would lead to growth of the insurance industry. Even if insurance is not in the centre of the crisis, it is not isolated from it:
 - Low interest rates are a major threat to life insurance.
 - Inflation is more a threat to non life insurance. Especially in marine it can have a very big impact on claim cost.

- Excess supply in shipping is set to continue due to new capacity coming on stream



THANK YOU

Special thanks to LMIU, Clarkson Research Service and Swiss Re Economic Research for their statistical Input